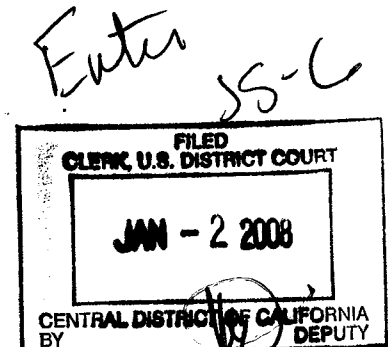


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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

AIRTRAC, INC., CLARENCE  
FRIEND, and CHRISTOPHER BRYAN,

Defendants.

Case No.: SACV 06-0582-JVS (RNBx)

~~PROPOSED~~ REVISED FINAL  
JUDGMENT OF PERMANENT  
INJUNCTION, DISGORGEMENT,  
PREJUDGMENT INTEREST AND CIVIL  
PENALTIES AGAINST DEFENDANTS  
AIRTRAC, INC. AND CLARENCE FRIEND

Date: December 17, 2007  
Time: 1:30 p.m.  
Place: Courtroom 10 C  
Ronald Reagan Federal  
Bldg. & Courthouse  
411 West 4th Street  
Santa Ana, CA 92701

1 The Motion of Plaintiff, Securities and Exchange Commission  
2 (“Commission”), pursuant to Rule 56, Fed. R. Civ. P., for Summary Judgment in  
3 favor of the Commission and against Defendant AirTrac, Inc. (“AirTrac”) and  
4 Clarence Friend (“Friend”) came before the Court for hearing on December 17,  
5 2007. The Court, having considered the Commission’s Motion, the Memorandum  
6 of Points and Authorities, the Declarations including Exhibits relating thereto, the  
7 Statement of Uncontroverted Facts and Conclusions of Law, and other documents  
8 filed in support of the motion, all documents filed in opposition to the Motion and  
9 all other evidence and argument presented regarding the motion, finds that:

10 I.

11 IT IS HEREBY ORDERED that the Commission’s Motion for Summary  
12 Judgment against AirTrac and Friend is GRANTED.

13 II.

14 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
15 that AirTrac and Friend and their agents, servants, employees, attorneys, and all  
16 persons in active concert or participation with them who receive actual notice of  
17 this Final Judgment by personal service or otherwise are permanently restrained  
18 and enjoined from violating Section 5 of the Securities Act of 1933 (“Securities  
19 Act”), 15 U.S.C. § 77e, by, directly or indirectly, in the absence of any applicable  
20 exemption:

- 21 (a) Unless a registration statement is in effect as to a security, making use  
22 of any means or instruments of transportation or communication in  
23 interstate commerce or of the mails to sell such security through the  
24 use or medium of any prospectus or otherwise;
- 25 (b) Unless a registration statement is in effect as to a security, carrying or  
26 causing to be carried through the mails or in interstate commerce, by  
27 any means or instruments of transportation, any such security for the  
28 purpose of sale or for delivery after sale; or

- 1 (c) Making use of any means or instruments of transportation or  
2 communication in interstate commerce or of the mails to offer to sell  
3 or offer to buy through the use or medium of any prospectus or  
4 otherwise any security, unless a registration statement has been filed  
5 with the Commission as to such security, or while the registration  
6 statement is the subject of a refusal order or stop order or (prior to the  
7 effective date of the registration statement) any public proceeding or  
8 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

9 III.

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
11 that AirTrac and Friend and their agents, servants, employees, attorneys, and all  
12 persons in active concert or participation with them who receive actual notice of  
13 this Final Judgment by personal service or otherwise are permanently restrained  
14 and enjoined from violating Section 17(a) of the Securities Act, 15 U.S.C. §  
15 77q(a), in the offer or sale of any security by the use of any means or instruments  
16 of transportation or communication in interstate commerce or by use of the mails,  
17 directly or indirectly:

- 18 (a) to employ any device, scheme, or artifice to defraud;  
19 (b) to obtain money or property by means of any untrue statement of a  
20 material fact or any omission of a material fact necessary in order to  
21 make the statements made, in light of the circumstances under which  
22 they were made, not misleading; or  
23 (c) to engage in any transaction, practice, or course of business which  
24 operates or would operate as a fraud or deceit upon the purchaser.

25 IV.

26 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that AirTrac  
27 and Friend and their agents, servants, employees, attorneys, and all persons in  
28 active concert or participation with them who receive actual notice of this Final

1 Judgment by personal service or otherwise are permanently restrained and enjoined  
2 from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act  
3 of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated  
4 thereunder, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of  
5 interstate commerce, or of the mails, or of any facility of any national securities  
6 exchange, in connection with the purchase or sale of any security:

7 (a) to employ any device, scheme, or artifice to defraud;

8 (b) to make any untrue statement of a material fact or to omit to state a  
9 material fact necessary in order to make the statements made, in the  
10 light of the circumstances under which they were made, not  
11 misleading; or

12 (c) to engage in any act, practice, or course of business which operates or  
13 would operate as a fraud or deceit upon any person.

14 V.

15 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
16 that Friend and his agents, servants, employees, attorneys, and all persons in active  
17 concert or participated with them who receive actual notice of this Final Judgment  
18 by personal service or otherwise are permanently restrained and enjoined from  
19 violating Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), by, directly or  
20 indirectly, in the absence of any applicable exemption, engaging in the business of  
21 a broker or a dealer by making use of the mails or any means or instrumentality of  
22 interstate commerce to induce the purchase or sale of, any security (in the absence  
23 of an applicable exemption), without being associated with a broker-dealer that has  
24 been registered with the Commission.

25 VI.

26 IT IS FURTHER ORDERED that AirTrac shall be liable for disgorgement  
27 of \$1,759,542.28, representing proceeds gained as a result of the conduct alleged in  
28 the Complaint, together with prejudgment interest thereon in the amount of

1 \$115,859.70, and a third-tier civil penalty in the amount of \$130,000.00 pursuant  
2 to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of  
3 the Exchange Act, 15 U.S.C. § 78u(d)(3). AirTrac shall receive a credit for any  
4 sums paid by Friend on his disgorgement and/or interest obligations. AirTrac shall  
5 satisfy this obligation by paying \$2,005,401.98 within ten (10) business days after  
6 entry of this Final Judgment by certified check, bank cashier's check, or United  
7 States Postal money order payable to the Securities and Exchange Commission.  
8 The payment shall be delivered or mailed to the Office of Financial Management,  
9 Securities and Exchange Commission, Operations Center, 6432 General Green  
10 Way, Mail Stop O-3, Alexandria, Virginia 22312, and shall be accompanied by a  
11 letter identifying AirTrac as a Defendant in this action, setting forth the title and  
12 civil action number of this action and the name of this Court, and specifying that  
13 payment is made pursuant to this Final Judgment. AirTrac shall pay post-judgment  
14 interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. AirTrac shall  
15 simultaneously transmit photocopies of such payment and letter to the  
16 Commission's counsel in this action.

17 VII.

18 IT IS FURTHER ORDERED that Friend shall be liable for disgorgement of  
19 \$273,487.87, representing proceeds gained as a result of the conduct alleged in the  
20 Complaint, together with prejudgment interest thereon in the amount of  
21 \$18,008.22, and a third-tier civil penalty in the amount of \$130,000.00 pursuant to  
22 Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the  
23 Exchange Act, 15 U.S.C. § 78u(d)(3). Friend shall receive a credit for any sums  
24 paid by AirTrac on its disgorgement and/or interest obligations up to the amounts  
25 owed by Friend. Friend shall satisfy this obligation by paying \$421,496.09 within  
26 ten (10) business days after entry of this Final Judgment by certified check, bank  
27 cashier's check, or United States Postal money order payable to the Securities and  
28 Exchange Commission. The payment shall be delivered or mailed to the Office of

1 Financial Management, Securities and Exchange Commission, Operations Center,  
2 6432 General Green Way, Mail Stop O-3, Alexandria, Virginia 22312, and shall be  
3 accompanied by a letter identifying Friend as a Defendant in this action, setting  
4 forth the title and civil action number of this action and the name of this Court, and  
5 specifying that payment is made pursuant to this Final Judgment. Friend shall pay  
6 post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.  
7 Friend shall simultaneously transmit photocopies of such payment and letter to the  
8 Commission's counsel in this action.

9 VIII.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
11 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms  
12 of this Final Judgment and all orders and decrees which have been entered or may  
13 be entered herein, and to grant such other relief as the Court may deem necessary  
14 and just.

15 IX.

16 There being no just reason for delay, pursuant to Rule 54(b) of the Federal  
17 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment  
18 forthwith and without further notice.

19 Dated: December 31, 2007

20  
21   
James V. Selna

UNITED STATES DISTRICT JUDGE

22 Presented by:

23  
24   
Molly M. White

25 Gregory C. Glynn

26 Attorneys for Plaintiff

27 Securities and Exchange Commission  
28

**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

☒ U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648  
Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On December 18, 2007, I served the document entitled:

**[PROPOSED] REVISED FINAL JUDGMENT OF PERMANENT INJUNCTION, DISGORGEMENT, PREJUDGMENT INTEREST AND CIVIL PENALTIES AGAINST DEFENDANTS AIRTRAC, INC. AND CLARENCE FRIEND.**

on all the parties to this action addressed as stated on the attached service list:

☒ **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

☐ **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

☐ **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

☐ **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

☐ **FEDERAL EXPRESS:** By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

☐ **ELECTRONIC MAIL:** By transmitting the document by electronic mail the electronic mail address as stated on the attached service list.

☒ **FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

☒ **(Federal)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made. I declare under penalty of perjury that the foregoing is true and correct.

Date: December 18, 2007

  
\_\_\_\_\_  
Gregory C. Glynn



**SEC v. AIRTRAC, INC., et al.**  
**United States District Court – Central District of California**  
**Case No. SACV 06-0582 JVS (RNBx)**  
**(LA-3106)**

**SERVICE LIST**

Robert C. Rosen, Esq. (Also served by Facsimile)  
John B. Wallace, Esq.  
Rosen & Associates, P.C.  
300 South Grand Avenue, Suite 2700  
Los Angeles, California 90071

Telephone: (213) 362-1000  
Facsimile: (213) 362-1001

E-Mail [robertrosen@rosen-law.com](mailto:robertrosen@rosen-law.com)  
E-mail [johnwallace@rosen-law.com](mailto:johnwallace@rosen-law.com)

***Counsel for Defendants AirTrac, Inc.  
and Clarence Friend***